

name", "adopted name", "pharmacopoeial name", "international non-proprietary name" and "generic name" are used as synonyms in the trade." (page 8)

The "brand name" manufacturer of pharmaceuticals takes every possible step to protect its position by brand name advertising and promotion. It will do this, firstly, because it is in its peculiar interest to identify drug products with its own manufacture, knowing that use of the generic name is more likely to be forgotten or ill-remembered in repeat orders of quantities of such drugs. The "brand name" manufacturer knows that the physician or pharmacist is more likely, after repetitious promotional activity, whether through advertising or through detail men, to become indoctrinated to prescribe and dispense brand name drug products. It appears that most physicians and pharmacists have more confidence in drugs manufactured under a brand name. One of the interesting side lights of this is that the generic manufacturer, as soon as monies become available, tends to create his own form of brand name nomenclature and enters the ranks of those who have preceded him and to whom he was formerly opposed.

Secondly, the feud between the brand name manufacturers and their generic counterparts brings the subject into the realm of safety upon which the Report by your Committee to the previous Parliament was based. It is natural and good business that manufacturers of brand name drugs will, by any reputable means at their disposal, seek to inculcate into the minds of those who order prescription drugs that their products are "safe" because the identity of the manufacturer is clearly revealed by the brand name product. Unfortunately the brand name manufacturer often gives the impression that generic products are not safe. It is the opinion of your Committee, however, that this viewpoint is not necessarily valid, it not only having been challenged by the generic drug manufacturers but also by purchasing agents of some hospitals and government departments who have ordered, and continue to order, (see Minutes of Proceedings and Evidence, page 1497) drugs by their generic names. The Food and Drug Directorate made it clear that, in their opinion based on the testing they perform, generic named drugs and brand name drugs are equally "safe".

5. Profits in the Industry

This portion of the report is based on Appendix E: *Profits of Drug Manufacturing Firms in Canada*, prepared for the Committee by the Accountant, Mr. W. J. Blakely.

The Committee believes that the profits of pharmaceutical companies in Canada appear about twice as high as the level of profits of the manufacturing industry as a whole. Your Committee believes this to be true for pharmaceutical companies generally, whether they be so called "innovators" or "copiers"; or brand name or generic producers. It should be pointed out in all fairness (as seen in Table 4 of the Appendix E), that the pharmaceutical industry showed (in 1963) the seventh highest rates of return on resources employed, and are exceeded by distilleries, wineries, motor vehicles, petroleum and coal products, motor vehicle parts and accessories, wire and wire products, and office and store machinery. As may be expected in our free enterprise economy, pharmaceutical